



Mr. Marv Wollin
Chief Financial Officer
Bechtel SAIC Company, LLC (BSC)
1180 Town Center Drive
Las Vegas, Nevada 89144

**FY2004 SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT (SCFAR) PEER
REVIEW–Bechtel SAIC Company, LLC (BSC)**

Dear Mr. Wollin:

We have reviewed the FY2004 Support Cost by Functional Activity Report (SCFAR) of Bechtel SAIC Company (BSC). The purpose of the review was to confirm that the data reported by BSC complied with the guidelines and definitions issued by the United States Department of Energy (DOE) and to fulfill a DOE-HQ requirement to have all of the reporting sites independently reviewed by a SCFAR Peer Review Team on a periodic basis.

FY2004 Support Cost by Functional Activity Report Process

The methodology from the FY 2001 to the FY 2004 report has been revised. The methodology adopted by BSC in preparing the FY2004 SCFAR identified cost by specific categories in accordance with the SCFAR definitions provided by the DOE. Adhoc reports were developed to extract and summarize costs (prime plus fringe benefits) at the Code of Account (COA) level, which is the lowest level where costs are collected in the Work Breakdown Structure (WBS). A COA is a ten-character unique code, which rolls up into a Work Package (WP), a six-character code, which are tied to a single funding source (B&R classification).

All COAs within a WP are assigned the same SCFA code. Cost reports used in the SCFAR preparation include COAs, WPs and assigned SCFA codes. The data source is from the Project Controls Multi-Year Planning System (MYPS) and the Finance Costpoint financial system.

Implementation of Recommendations from Previous SCFAR Peer Review

The recommendations from the last SCFAR Peer Review June 27, 2002 for FY 2001 have been implemented.

Issues Identified During the Peer Review:

1. Information/Outreach Activities contains \$14K of Information Services and \$108K of Safeguards & Securities.

Team Recommendation: Move BSC East Information Systems costs of \$14K to Information Services and the Transportation Security & Security costs of \$108K to Safeguards & Securities.

Site Response: Site agrees with the recommendation.

2. Civilian Radioactive Waste (CRW) contains \$3,754K of costs that should be excluded.

Team Recommendation: Site Operations Bechtel Nevada should be excluded.

Site Response: Site agrees with the recommendation.

3. Program/Project Planning & Controls and Civilian Radioactive Waste (CRW) contain \$258K of Information/Outreach Activities.


Team Recommendation: Move Int'l Info/Tech Exchange costs to Information/Outreach Activities.

Site response: Site agrees with the recommendation.

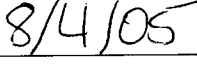
Accuracy Assessment

The SCFAR Peer Review Team has concluded that BSC has met the intent of the SCFAR guidelines and definitions and has achieved a level of accuracy at or above 90%.

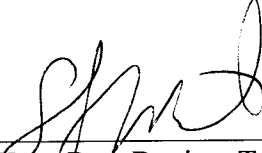
We would like to thank Karl Tobler, Debbie Payne, Ruth Latulippe and Diana Barbee for their exceptional effort and support in assisting the Peer Review Team with this review.



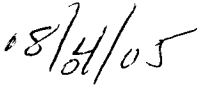
April Small, Peer Review Team Lead
Bechtel Nevada



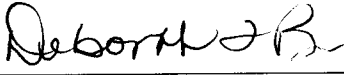
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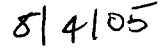
Si West, Peer Review Team Member
Los Alamos National Laboratory



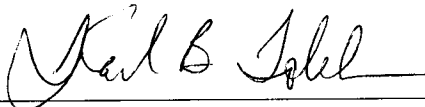
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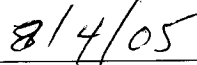
Deborah Payne, Controller
Bechtel SAIC Company, LLC



Date



Karl Tobler, Preparer
Bechtel SAIC Company, LLC



Date

Cc: J. Campbell, DOE-HQ
J. Herring, FMSIC
B. Morishita, FMSIC
M. Wollin, BSC
D. Payne, BSC
K. Tobler, BSC
D. Barbee, BSC
R. Latulippe, DOE/ORD
M. Mendez, BSC
B. Hamilton-Ray, DOE/ORD
W. Kozai, DOE/ORD
D. Jones, NNSA/SC
A. Bautista, LBNL
A. Small, BN
S. West, LANL